Guidelines For Estimating
Feedlot Finishing Costs
For Weight Range of 650 - 1400 lbs.
Based on feeding 500 Steers

Date: September, 2002

Cattle feeding is a high risk business requiring large amounts of short term capital to buy feeder cattle and feed. With cyclical price variations for both livestock and feed, successful management invloves careful consideration of costs, projection of markets and sound judgement.

The following budget is an estimate of the costs of production encountered in finishing beef cattle in a farm feedlot situation. The purpose of this budget is to assist Manitoba livestock producers to calculate their own cost of production and take into consideration the factors that should be included when budgeting to determine breakeven prices.

The assumptions on which costs are calculated are clearly defined in the supporting pages. When interpreting these costs for an individual situation, adjustments may be required. Note that on farm feed costs are based on market prices at the farm. It is assumed that all feed is grown on the farm, except for supplements. Each assumption must be examined and adjustments made where necessary, to apply to the producer's own situation.

Disclaimer: This budget is only a guide and is not intended as an in depth study of the cost of production of the Manitoba cattle industry. Interpretation and utilization of this information is the responsibility of the user. If you require assistance with developing your individual budget, please contact your local MAF Farm Management Specialist or Livestock Specialist.

Feedlot Finishing Cost Summary, September, 2002

	Cost/Head	Total Cost	Your Cost
A. Operating Costs			
1. Feed Costs			
1.01 Rolled Barley	356.51	178,255	
1.02 Barley Silage	67.19	33,595	
1.03 Grass Hay	3.00	1,500	
1.04 Supplement	24.50	12,250	
Total Feed Costs	**$451.20**	**$225,600**	
2. Other Operating Costs			
2.01 Feeder Cost	775.13	387,565	
2.02 Straw	11.00	5,500	
2.03 Veterinary Medicine & Supplies	17.73	8,865	
2.04 Annual Fuel & Repair Costs	7.20	3,600	
2.05 Utilities	5.60	2,800	
2.06 Marketing & Transportation	63.98	31,990	
2.07 Insurance	6.93	3,465	
2.08 Manure Removal	5.40	2,700	
2.09 Barn & Office Supplies	0.32	160	
2.10 Death Loss	10.28	5,139	
Subtotal Operating Costs	1,354.77	677,384	
2.11 Operating Interest	39.92	19,962	
Total Operating Costs	**$1,394.69**	**$697,346**	
B. Fixed Costs			
3. Depreciation			
3.01 Buildings	5.55	2,775	
3.02 Machinery & Equipment	12.00	6,000	
4. Investment			
4.01 Buildings	2.04	1,018	
4.02 Machinery & Equipment	2.70	1,350	
Total Fixed Costs	**$22.29**	**$11,143**	
Total Operating and Fixed Costs	**$1,416.98**	**$708,489**	
C. Labour	20.00	10,000	
TOTAL COST OF PRODUCTION	**$1,436.98**	**$718,489**	

Cost per lb of gain sold	**$/cwt**	
Feed Costs	$66.35	
Operating Costs	$93.26	
Operating & Fixed Costs	$96.54	
Total Costs	$99.48	
Breakeven Selling Price		
Operating Costs	$104.86	
Operating & Fixed Costs	$106.54	
Total Costs	$108.04	
Breakeven Purchase Price		
Operating Costs	$111.14	
Operating & Fixed Costs	$107.71	
Total Costs	$104.63	

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Assumptions

1. Average daily gain (ADG) was assumed to be 3 ibs/day.
2. It was assumed that the feeder steer weighed in at 650 lbs., and finished at 1400 lbs (1330 lbs after a 5% shrink.)
3. Days on feed was 250. Hay was fed for 15 days.
4. Investment in feedlot facilities and equipment was assumed to handle 500 head.

Feedlot Finishing Production Cost Worksheet

A. Operating Costs			Your Cost
1. Feed Costs			
1.01 Rolled Barley			
	250	days on grain	_____
x	18.5	lbs/feeder/day	_____
÷	48	lbs/bushel	_____
x	$3.70	/bushel	_____
=	**$356.51**	**/feeder**	_____
1.02 Barley Silage			
	250	days on silage	_____
x	12.5	lbs/feeder/day	_____
÷	2,000	lbs/ton	_____
x	$43.00	/ton	_____
=	**$67.19**	**/feeder**	_____
1.03 Grass Hay			
	15	days on hay	_____
x	5.0	lbs/feeder/day	_____
÷	2,000	lbs/ton	_____
x	$80.00	/ton	_____
=	**$3.00**	**/feeder**	_____
1.04 Supplement (Salt, Vitamins, Minerals, Ionophore)			
	250	days on supplement	_____
x	0.8	lbs/feeder/day	_____
÷	2,000	lbs/ton	_____
x	$245.00	/ton	_____
=	**$24.50**	**/feeder**	_____

2. Other Operating Costs

2.01 Feeder Cattle Cost

Buying Commission

	$6.50	/feeder	_____

Trucking-in

	$1.25	/cwt	_____
x	650	lbs/feeder	_____
÷	100	lbs/cwt	_____
=	$8.13	/feeder	_____
	650	lbs/feeder	_____
x	$117.00	/cwt	_____
÷	100	lbs/cwt	_____
=	$760.50	/feeder	_____
Total =	**$775.13**	**/feeder**	_____

2.02 Straw

	0.50	tons/feeder/year	_____
x	$22.00	/ton	_____
=	**$11.00**	**/feeder**	_____

2.03 Veterinary Medicine & Supplies

Cattle Medication

	$5.40	IBR,PI3,BVD,BRSV	_____
+	$0.64	Vitamin A,D & E	_____
+	$3.80	External & Internal Parasites	_____
+	$0.55	Blackleg	_____
+	$3.20	Implant	_____
+	$3.00	Antibiotics	_____
=	$16.59	/feeder	_____

Professional Services

	$100.00	/hour charge	_____
x	2.50	hours	_____
÷	500	feeder cattle	_____
=	$0.50	/feeder	_____

Transportation Costs

	$1.00	/km charge	
x	80	kilometres	
x	4	visits	
÷	500	feeder cattle	
=	$0.64	/feeder	
Total =	**$17.73**	**/feeder**	

2.04 Annual Fuel & Repair Costs

	$1,300	repairs	
+	$2,300	fuel costs	
÷	500	feeder cattle	
=	**$7.20**	**/feeder**	

2.05 Utilities

	$2,800	/year	
÷	500	feeder cattle	
=	**$5.60**	**/feeder**	

2.06 Marketing & Transportation

Trucking	700	miles	
x	$3.00	/loaded mile	
÷	38	head/load	
=	$55.26	/feeder	
US Costs +	$8.72	/feeder	
Total =	**$63.98**	**/feeder**	

2.07 Insurance

	$136,707	building & equipment investment	
x	$0.50	/$100 capital	
÷	100	/$100 capital	
÷	500	feeder cattle	
=	$1.37	/feeder/year	
	$547,125	feeder investment	
x	$0.50	/$100 capital	
÷	100	/$100	
÷	500	feeder cattle	
=	$5.47	/feeder/year	

		$45.00	liability premium	_____
	÷	500	feeder cattle	_____
	=	$0.09	/feeder/year	_____
Total	=	**$6.93**	**/feeder**	_____

2.08 Manure Removal

	$2,700	annual removal cost	_____
÷	500	feeder cattle	_____
=	**$5.40**	**/feeder**	_____

2.09 Barn & Office Supplies

	$160.00	total barn expenses	_____
÷	500	feeder cattle	_____
=	**$0.32**	**/feeder**	_____

2.10 Death Loss

	$775.13	feeder cattle cost	_____
+	$1,280.51	maximum value	_____
÷	2.0	average value	_____
x	1.00	% mortality rate	_____
=	**$10.28**	**/feeder**	_____

2.11 Operating Interest

	$775.13	feeder cost	_____
+	$284.68	½ of feed & other costs	_____
x	5.50	% operating interest	_____
x	250	days on feed	_____
÷	365	365 days	_____
=	**$39.92**	**/feeder**	_____

Capital Costs

Buildings,Corrals & Water System		
Windbreak fence	$4,900	
Pens	$3,027	
Handling Facilities	$4,000	
Waterers	$4,000	
Gates	$1,280	
Bunk Feeders	$23,000	
Well & Pressure System	$3,500	
Grain Bin	$3,000	
Landscaping	$15,000	
Total	**$61,707**	
Machinery & Equipment		
Tractor & Loader	$50,000	
Miscellaneous	$25,000	
Total	**$75,000**	
Total Investment	**$136,707**	

B. Fixed Costs

3. Depreciation $\frac{\text{Original Cost - Salvage Value}}{\text{Useful Life}}$

3.01 Buildings

	$61,707	original cost	
-	$6,171	salvage value	
÷	20	years useful life	
÷	500	feeder cattle	
=	**$5.55**	**/feeder**	

3.02 Machinery & Equipment

	$75,000	original cost	
-	$15,000	salvage value	
÷	10	years useful life	
÷	500	feeder cattle	
=	**$12.00**	**/feeder**	

4. Investment $\frac{\text{Original Cost + Salvage Value}}{2}$ x .nvestment Rate

4.01 Buildings

	$61,707	original cost	_____
+	$6,171	salvage value	_____
÷	2	average	_____
x	3.0	% investment rate	_____
÷	500	feeder cattle	_____
=	**$2.04**	**/feeder**	_____

4.02 Machinery & Equipment

	$75,000	original cost	_____
+	$15,000	salvage value	_____
÷	2	average	_____
x	3.0	% investment rate	_____
÷	500	feeder cattle	_____
=	**$2.70**	**/feeder**	_____

C. Labour

	2.0	hours/feeder/year	_____
x	$10.00	/hour	_____
=	**$20.00**	**/feeder**	_____

Breakeven Calculations

				Your Farm
Cost per lb of gain sold				
Feed Costs		$451.20	feed cost	
	+	680	weight gain	
	=	**$0.66**	**/lb**	
Operating Costs		$1,394.69	operating costs	
	-	$760.50	feeder cost	
	+	680	weight gain	
	=	**$0.93**	**/lb**	
Total Operating & Fixed		$1,416.98	operating & fixed	
	-	$760.50	feeder cost	
	+	680	weight gain	
	=	**$0.97**	**/lb**	
Total Costs		$1,436.98	total	
	-	$760.50	feeder cost	
	+	680	weight gain	
	=	**$0.99**	**/lb**	
Breakeven selling price				
Operating Costs		$1,394.69	operating costs	
	+	1,330	lbs shrunk weight	
	=	**$1.05**	**/lb**	
Operating & Fixed		$1,416.98	operating & fixedcosts	
	+	1,330	lbs shrunk weight	
	=	**$1.07**	**/lb**	
Total Costs		$1,436.98	total costs	
	+	1,330	lbs shrunk weight	
	=	**$1.08**	**/lb**	
Breakeven purchase price				
Operating Costs		1,330	lbs shrunk weight	
	x	$102.00	$/cwt selling price	
	=	$1,356.60	income	
	-	$634.19	operating less feeder cost	
	÷	650	lbs purchase weight	
	=	**$1.11**	**/lb**	

Operating & Fixed		1,330	lbs shrunk weight	
	x	$102.00	$/cwt selling price	
	=	$1,356.60	income	
	-	$656.48	op & fixed less feeder cost	
	±	650	lbs purchase weight	
	=	**$1.08**	**/lb**	
Total Costs		1,330	lbs shrunk weight	
	x	$102.00	$/cwt selling price	
	=	$1,356.60	income	
	-	$676.48	total less feeder cost	
	±	650	lbs purchase weight	
	=	**$1.05**	**/lb**	

For more information contact your Manitoba Agriculture and Food Office.

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Beef Finishing Feedlot 500 Head